



INDEPENDENT BANKERS OF COLORADO

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Office of the Comptroller of the Currency
By e-mail to regs.comments@occ.treas.gov

The Federal Reserve Board
By e-mail to regs.comments@federalreserve.gov

Federal Deposit Insurance Corporation
By e-mail to regs.comments@fdic.gov

Re: Proposal to Increase the CRA Cap for Small Banks

To Whom it May Concern:

The Independent Bankers of Colorado (IBC) is the largest banker trade association in Colorado, exclusively representing community banks. On behalf of the IBC's Board of Directors and over 115 member banks, please accept the following comments in support of the proposal to increase the CRA cap for small banks.

To reduce regulatory burden, the federal banking agencies propose increasing the asset size of banks eligible for the small bank streamlined Community Reinvestment Act (CRA) examination from \$250 million to \$500 million and eliminating the holding company size limit (currently \$1 billion). The community banking industry strongly endorses these proposals, which we believe will indeed greatly reduce regulatory burden.

The small bank CRA examination process was an excellent innovation. It is time again for the federal agencies to expand this critical burden reduction benefit to larger community banks. At this critical time for the economy, this will allow more community banks to focus on what they

do best—fueling America's local economies. When a bank must comply with the requirements of the large bank CRA evaluation process, the costs and burdens increase dramatically. And the resources devoted to CRA compliance are resources not available for meeting the credit demands of the community.

Adjusting the asset size limit also more accurately reflects significant changes and consolidation within the banking industry in the last 10 years. To be fair, banks should be evaluated against their peers, not banks hundreds of times their size. The proposed change recognizes that it is not right to assess the CRA performance of a \$500 million bank or a \$1 billion bank with the same exam procedures used for a \$500 billion bank. Large banks now stretch from coast-to-coast with assets in the hundreds of billions of dollars. It is not fair to rate a community bank using the same CRA examination. And, while the proposed increase is a good first step, the size of banks eligible for the small-bank streamlined CRA examination should be increased to \$2 billion, or at a minimum, \$1 billion.

Increasing the size of banks eligible for the small-bank streamlined CRA examination does not relieve banks from CRA responsibilities. Since the survival of many community banks is closely intertwined with the success and viability of their communities, the increase will merely eliminate some of the most burdensome requirements.

Increasing the asset-size of banks eligible for the small bank streamlined CRA examination process is an important first step to reducing regulatory burden. We also support eliminating the separate holding company qualification for the streamlined examination, since it places small community banks that are part of a larger holding company at a disadvantage to their peers. While community banks still must comply with the general requirements of CRA, this change will eliminate some of the most problematic and burdensome elements of the current CRA regulation from community banks that are drowning in regulatory red-tape. We also urge the agencies to consider raising the size of banks eligible for the streamlined examination to \$2 billion or, at least, \$1 billion in assets to better reflect the current demographics of the banking industry.

Sincerely,

Barbara M.A. Walker
Executive Director